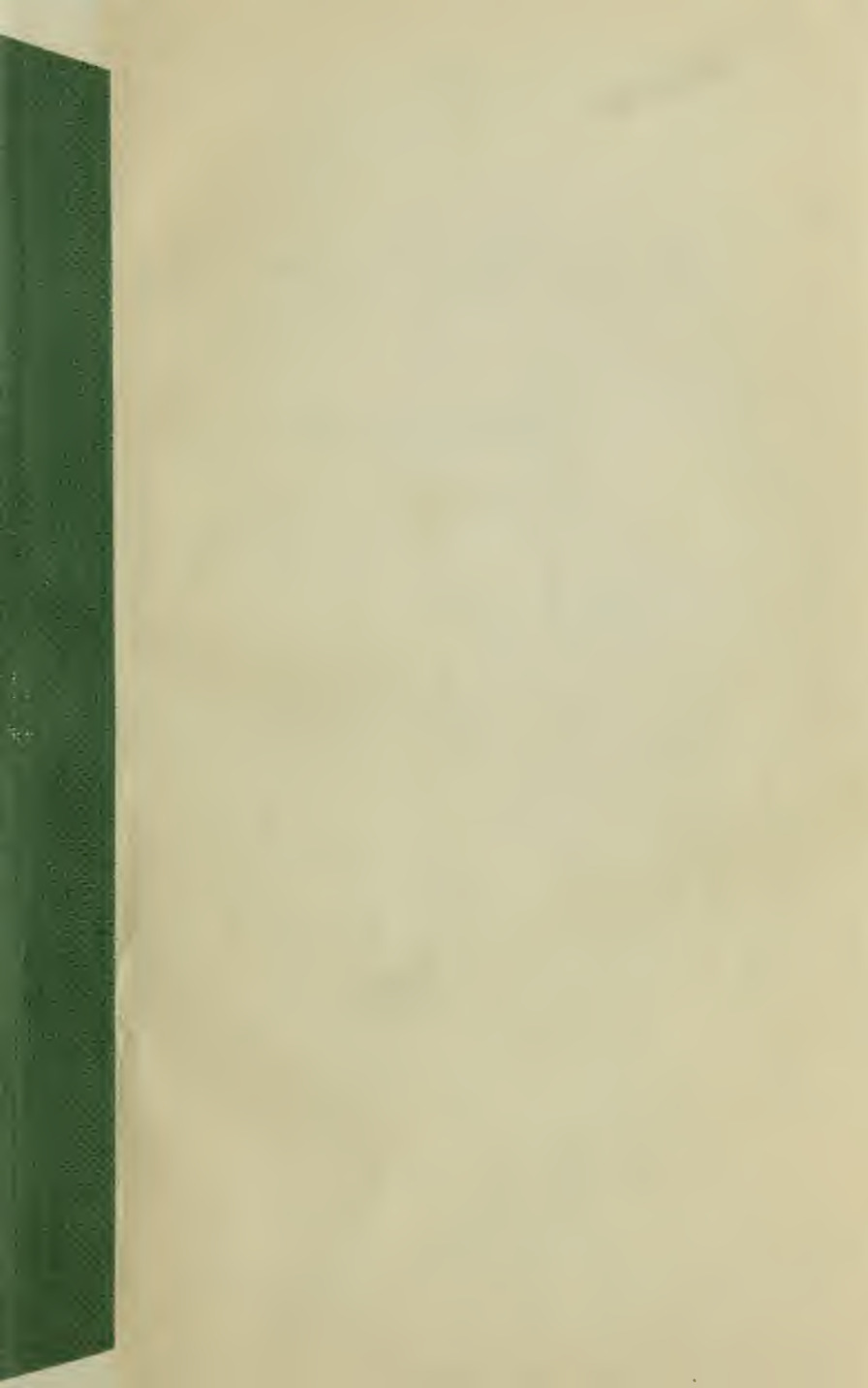




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The rag question

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THE

RAG QUESTION,

IN TWO DIALOGUES:

FOR PRIVATE CIRCULATION.

LONDON:

PRINTED BY BLADES, EAST, AND BLADES,

11, ABCHURCH LANE, E.C.

1863.

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FIRST DIALOGUE.

MR. CLERICUS AND MR. PAPYRUS.

MR. CLERICUS.—Well, Mr. Papyrus, how goes the Mill? I hear you Paper-makers are still grumbling; although you have got rid of the Exciseman, you do not seem satisfied.

MR. PAPYRUS.—Quite true, Sir, we do grumble, because we suffer, and we suffer unjustly,—not from troubles that cannot be helped, but from troubles that are brought upon us by our Legislators in their pedantic adherence to an unjust application of Free-Trade principles.

MR. CLERICUS.—How can that be; Free-Trade means Free-Trade, does it not? That is, the consumer should be free to purchase—either at home or abroad—wherever he finds the commodity he requires at the cheapest rate.

MR. PAPYRUS.—No doubt that is true; and yet when Paper is dealt with on that principle, irrespective of what may be termed the “Rag Question,” we are grossly injured, and our manufacture rendered profitless. It is the peculiar position of the Rag market which cripples our trade. Rags are a refuse that if there were no Paper made would be valueless. It is the Paper manufacture that gives a market for Rags, and secures their collection, and renders them an article of commerce. But we cannot get enough, all the world knows that. Our Government is the only one that takes no steps to help us to get as many Rags as possible, and to keep for our own use what we get. On the one hand, the Continent taxes all Rags at a rate varying from 5s to 9s per cwt., so that none but the best qualities of Rags will come to us, for none but those best kinds will pay for using, after so heavy a tax has been levied on them. On the other, our Rags are open to the purchase of America, who comes in continually and strips our stores of every bag

that is collected. We get none from other Nations except by payment of a heavy tax; we let all Nations buy our raw material without any tax or check. And this injustice is aggravated because the Foreigner does not tax his Paper,—that comes here *free*,—and we do not tax it. But America, that receives our Rags, will not receive our Paper except at so heavy a duty that in fact it is prohibitory.

MR. CLERICUS.—Then, the truth is, you want a higher price for your Paper, and at the expense of the consumer. Now is not that Protection; and surely at the present day it is not necessary to shew that Protection is a ruinous principle, and that Free-Trade is the only true and sound commercial principle.

MR. PAPIRUS.—Free-Trade I assent to, and want; give me that, and I am willing to abide by the result. But it is no Free-Trade to put me and my customers between two competing markets, one on my right hand and the other on my left, under the existing conditions. My right hand competitor wants to trade with my customers for Paper, and *not* to trade with me in Rags; so, to prevent my buying his Rags, he gets his Government to tax Rags at something like 50 per cent. on the average value, all the time allowing his Paper to go quite free to my customer. Pray, where is *Free-Trade* here? I at any rate do not get it, and am asked to submit. But my difficulty is increased by the conduct of my left hand competitor. He wants to deal with me in Rags, and not in Paper, so his course is regulated accordingly. He comes and buys my Rags, and our English Government lets them go unchecked by any restriction or tax, and he refuses my Paper except at a rate of duty that is prohibitory. Again I say this is not for me, Free-Trade, and that is what I want. I require freedom to buy Rags of my right hand competitor, and I require freedom to sell Paper to my left hand competitor, or else *I* do not get Free-Trade, whatever the consumer gets.

MR. CLERICUS.—Perhaps you are right. But these matters are a little beyond my depth. I should be grieved if anything

happened to stop your Mill, for you give in our rural District a good deal of employment to a very poor class, and it is important your trade should prosper, and this employment be kept up, if not increased.

Mr. PAPHYRUS.—There is no help for it. Such Free-Trade as I am subjected to must lead to the stoppage of my works. It is now three years since the subject was first mooted by the proposal to repeal the Paper Duty, and it is two and a half years since we have met the actual competition of Foreign Paper, and for this time of unsettlement we have as a trade made no profits; more or less we have been living upon our capital, and five-sixths of us would be thankful to get out of the business and embark in some other pursuit, where the conditions of trade are *fair and just*, which I make bold to say they are not in the Paper trade.

Mr. CLERICUS.—But why do you not represent your case to the Government, surely they would do what lies in their power to sustain your manufacture.

Mr. PAPHYRUS.—We have done so without effect; our only hope now is in the independent Members of the House of Commons. If I might ask you I would do so to accompany me to our County and Borough Members, Mr. Squire and Mr. Senator, and let us talk the matter over with them. Your knowledge of the amount of employment we give in rural districts would give weight to my application, and secure attention to my arguments; and I could perhaps secure their support to an application we must make to Parliament.

Mr. CLERICUS.—I will do so cheerfully. I will ask them to my house to meet you, and talk over the matter, as I feel it incumbent on me to help you to keep on your manufacture in my parish, for the sake of my poor parishioners.

SECOND DIALOGUE.

MR. SENATOR, MR. SQUIRE, MR. PAPYRUS, AND MR. CLERICUS.

MR. SQUIRE.—Well, Mr. Papyrus, so you find the shoe of Free-Trade pinch your foot, do you? Now you will learn to sympathise with the Farmer a little. He has gone through all your troubles, and survived it, and no doubt, if you have patience, you will do the same.

MR. PAPYRUS.—I doubt very much if the application of Free-Trade principles to the Farming Trade has any similarity to the manner in which Free-Trade principles have been applied to the Paper Trade. The Land is the Farmer's raw material, and in the use of that he has no unfair rivalry with the Foreigner. It was fair to admit the Produce of the Land from the Foreigner without tax or hindrance. In fact, it worked well for both producer and consumer. The one was by competition stimulated to increased energy and enterprise, and the other has had constant supplies adequate to his requirements. But the conditions under which our Trade works differ in every respect. It is true no Rags, no Paper, just as no Land, no Corn. Without Rags we can make no Paper—at least, none worthy the name.

MR. SENATOR.—But how can that be, when the consumption of Straw and other Fibres is constantly on the increase, and surely in the use of new fibrous products is the remedy to be found for the deficiency (if any) that you find in your supply of Rags?

MR. PAPYRUS.—The use of Fibres has done us good as a Trade. It has helped to eke out the supply of Rags, and to keep down their price. But all Fibres, *cheap* enough for use, make a bad Paper, and no one will use it who can get a Rag-Paper. The Penny Dailies were at one time printed on Paper made of

one-third straw, but as soon as they could get Rag-Paper at a moderate price, they left the use of Straw-Paper and adopted Rag-Paper, or Paper with a less proportion of Straw. The truth is, raw Fibre equal in all respects to the Fibre which is found in Rags, would never come to the Paper-Maker at all. It would go to the North, to be spun into a substitute for Cotton or for Flax; then being made into Cloth, it would find a use as Clothing, and not come to the Paper-Mill till it had done service in this way, and was worn into "*Rags*." The Fibre that shall be as useful to the Paper-Maker as "*Rags*," and shall equal Rags in value and service for Paper-making, will solve the Cotton question, and dethrone "*Cotton as King*," from its supremacy; and, moreover, the £1000 premium, offered in "*The Times*," will be claimable by any such Fibre, and for seven years that premium has been offered, and remains to this day unclaimed.

MR. SENATOR.—But still I do not see why we should legislate especially for you; all other Trades have to encounter foreign competition, and why should your Trade be exempt?

MR. PAPHYRUS.—Perhaps our Trade is peculiar, and has claims that no other Manufacture can advance. I can only speak as to facts. My business I know; Politics and the laws of Trade I do not require to know or study, till now that your laws pinch me so severely. If it be right to study only the consumer, without at all regarding any peculiarity in the position of the producer, we must as a Trade submit, and as road-side Inns and Post-Boys have been abolished in favour of Railways, so we must submit to be abolished in favour of the Foreign Paper-Maker; for, on the terms upon which we now compete, he can most unquestionably supply the consumer *cheaper* than we can, and push us out of the Trade.

MR. SQUIRE.—And why should he not, if you allow him to get the advantage over you? Surely your Capital, and Coals, and first-class Machinery will enable you to compete with him, though he does get cheaper Rags.

MR. PAPHYRUS.—He also gets cheaper Labour, which, as so much unskilled Labour is employed in a Mill—only about one-fourth being skilled hands—is an item of vast importance. But I think you do not regard the Rag question as of the importance it really is. The different branches of our Trade are affected very differently by this duty. Some do just manage to bear the burden imposed by the Continental Rag-tax, but the larger proportion of the Trade is utterly crushed by it.

MR. SENATOR.—What do you mean by that? Surely you all pay the same duty, or at least all classes of Rags pay, on export, the same duty.

MR. PAPHYRUS.—Undoubtedly; and hence the inequality of the burden. Rags vary in value, from 3s per Cwt. to 30s, and all are subject to the same duty. Do you not see how differently it presses? Our best Writing Paper Makers can go to France, pay 20s per Cwt. for Fines, 5s for duty, and 1s 6d extra expenses beyond the expense of buying in London—thus making 26s 6d per Cwt.; and yet, at present, they hold their ground to a great extent against the French and Belgian Makers. It takes $1\frac{1}{2}$ Cwt. to make 1 Cwt. of Paper, the comparison between the Makers in the two Countries stands thus:—

English Maker.	French Maker.
$1\frac{1}{2}$ Cwt. 26s 6d=39s 9d.	$1\frac{1}{2}$ Cwt. 20s=30s.

The difference is 9s 9d, or more than 1d per lb; and this tax can be just borne without ruin by the Mills that make the dearest and best Paper. But not one-twentieth part of the Paper made is of this first-class quality, or stands in this position as compared with the Foreign Paper. Seventy-five per Cent. of our Paper is made of Rags at values from 6s to 15s—say at an average of 10s—and on this the 5s duty is prohibitory. And no Rags come in from France at these values, the duty absolutely excludes all these cheaper Rags.

MR. SQUIRE.—Then an *ad valorem* duty on Rags in the French and Belgian Tariffs would be of service to you, and remedy the evil.

Mr. PAPYRUS.—It would undoubtedly help us, as moderating and abating the injustice under which the Paper Makers at present suffer. But it would not put us in a right and just position.

Mr. SENATOR.—No doubt you want the Customs Penny again put on, which would be Protection in a form of manifest injustice to the Consumer, and no Government of the present day could think of permitting such a departure from Free Trade principles?

Mr. PAPYRUS.—And we are to be victimised and ruined in the name of Free Trade. The foundation of Free Trade is justice; and, call it what you please, that we do not get by your legislation or diplomacy: on the contrary, we are plundered and robbed, and asked to be quiet and submit, because, forsooth, it is "*Free Trade*" that destroys us.

Mr. CLERICUS.—Don't be angry, Mr. Papyrus. Mr. Senator wishes you no harm; but he wants merely to shew you the difficulties in the way of dealing with your case. Just point out to him, as you did to me the other day, the position in which you stand between the Continental and the American Trades. It seems to me that the evil is most clearly represented in that form, and, if we get clearly to apprehend the source of the evil, the remedy may perhaps be applied without resort to the Customs Penny.

Mr. PAPYRUS.—We are entitled to that Customs Penny at once, to restore us to the position we had 2½ years ago, and which we were driven from on the pledge that diplomacy should get us Free Trade in Rags. Diplomacy has failed disgracefully. Foreign Tariffs tax our Rag supply 5s, 6s, and 9s per Cwt., and our Government is bound in honour to admit the failure, and replace us as a Trade in the position from whence we were removed, on assurances that they cannot carry out.

Mr. CLERICUS.—Perhaps you have a strict right to this immediate restoration of the Customs Penny; but, if I may throw out an idea that crossed my mind while you were speaking, the other day, it is not the only alternative you have. There

are other remedies that may be applied to your evils. I think I understood you that the French Paper Maker gets his Rags without duty, from the French Rag Merchant. If you English Makers go to the French Rag Merchant for Rags you pay 5s duty to the French Government, equal to 7s 6d on the Cwt. of Paper—inasmuch as $1\frac{1}{2}$ Cwt. Rag is the equivalent for 1 Cwt. of Paper. To equalise the import, adjusting the balance strictly, the duty of 7s 6d on French Paper at our Custom House, or at the French Custom House, is necessary.

MR. PAPYRUS.—Exactly so : 5s is the lowest Rag Duty, and is levied in France, Belgium, and Denmark. In other continental nations it is 6s or 9s per Cwt. Justice requires that the English Consumer should not get Paper from these various Countries, except on payment of a Customs duty equivalent to the Rag duty which the English *Producer* of Paper has to pay. There will then be a fair and just trade for both parties, Producers and Consumers.

MR. CLERICUS.—That is not the whole result to which I meant you to come. Because, on the other hand, the Americans admit your Rags without duty, but levy 30 per Cent. duty on your Paper; and it seems to me that you need this market regulated quite as much as the Continental market.

MR. SENATOR.—Why not leave the Trade alone? Why attempt to adjust and regulate in the matter at all? Mr. Papyrus knows well enough his trade has increased—he has exported more Paper—he has imported more Rags—and, if this progress goes on, he must prosper, without regulations or adjustments that infringe the principles of Free Trade.

MR. PAPYRUS.—You introduce other matters on which I should be pleased to say a few words. Statistics prove anything. I know my Trade is a losing one: your statistics say it ought to be profitable. Which then is correct—the result I have worked out, or the result your statistics indicate? In my judgment your statistics are at fault: either they are incorrect, or they are not properly applied. Take the case of increased production; this is ever a fluctuating amount. Two-thirds of the

Mills have water-power, and this power varies, according to the season, quite as much as the Wheat crop. Last year we had continuous rains, without heavy falls of water : our streams were well maintained without floods—hence a better result in quantity. It is the price we complain of, and you tell us we made so much more, but that does not help us ; the actual consumption has increased but little of our English make, if it has at all, for we hold larger stocks than usual. And besides, the extra quantity made is not equal to the ordinary average increase of our Trade of late years. Then as to Exports—these keep up, because we hold the channels of Trade, and English habits keep up in our Colonies the taste for English Paper, and the dislike for the cheaper and more flimsy paper made by our Continental rivals. Besides, we Import Foreign Paper, and then we Export it in Manufactured Stationery. How can you separate that from the English make of Stationery. Then as to Rags—we have Imported 4000 Tons more than usual. We were able to do so because America, wicked enough to go to War, wanted less Rags, and left us the run of the Continental markets. But what have we Paper Makers lost by the failure of the Cotton Trade. To us *two* million Bales of Cotton we are short supplied, means so much less Raw Material, so much less Rope, so much less Sacking, so much less Cotton waste thrown aside in the process of making. Taking each 4 Cwt. Bale, as giving in Ropes, in sacking, and in waste 28 lbs. Paper material, we have had 25,000 Tons less from the failure in Cotton supply during 1862. As a Paper Maker, let me say, I wonder how we got supplied at all in the face of this enormous deficiency. There is besides, in the returns, no proper distinction between Paper Rags and Woollen Rags, and these last come in without duty most extensively for use in the Shoddy Mills, and are utterly useless to the Paper Maker.

Mr. SQUIRE.—I think Mr. Papyrus has really cleared the ground for us to get the proposal Mr. Clericus was about to make—what was it Mr. Clericus ?

MR. CLERICUS.—Well it seems to me that between the Legislature and Diplomacy the Paper-Maker is in a very cruel plight, and we ought to require both to help in redressing his position. My notion is that Rags and Paper, inasmuch as they are one and the same thing in reality, should be dealt with as *one article*—Rags as Inchoate Paper, Paper as Manufactured Rags. Then let the Legislature require, in the case of Foreign Tariffs that make a distinction for the purpose of giving a bounty to their own Paper-makers, that a Customs' Duty here be imposed equivalent to the Rag Duty now levied, but to be reduced or repealed as soon as the Foreign Rag Duty is reduced or repealed. This would settle the Continental Rag question, but it would still leave the American untouched. Here should come in operation the other side of my principle, I would not allow Rags to be exported to any Country where our Paper was not admitted except at a Rag Duty equivalent to the Paper Duty imposed.

MR. PAPERUS.—This would satisfy me. But after all I would greatly prefer actual Free-Trade both in Paper and in Rags. I know I could meet all competition if Rags and Paper *came* as one article on equal terms, and if Rags and Paper *went* as one article on equal terms. Pig Iron and Railway Bars are considered *Iron*; Yarns and Shirtings are both Calicoes, and why then should not Rags and Paper be considered as one. The connexion between Rags and Paper is the same precisely as between Pig-Iron and its various manufactures. *Rags* would not have an existence at all as an article of Trade, except there were a Paper Manufacture to work them up. Or, if I could at pleasure increase my raw material, I would do; but Rags are not like other raw materials, capable of indefinite expansion. We must wait the natural process of wearing out clothing by the population, and the collection of such refuse and cast-aside clothes, as make up what we commonly call "RAGS"

MR. SENATOR.—I think it is plain the distinction between Rags and Paper is artificial, and made by Foreign Governments

for the purpose of securing as much advantage as possible to their own Paper-making Trade. Continental legislation helps the Paper Trade, by securing to it abundance of Rags, or not allowing that abundance to be lessened, except on payment of a duty which acts as a bounty to its own Paper-Makers. America openly and bluntly taxes its own consumers in behalf of its Paper-Makers by a special Customs' tax. Certainly, if Rags and Paper are not dissociated, but are treated alike as *one article in two forms*, we get at a principle of action different from any the Legislature has yet adopted. It seems like a solution of the difficulty.

Mr. PAPHYRUS.—It is one solution. The one I am sure our Trade would prefer is, that we should get open markets every where—that the Continent should send in Rags as free as they send us Paper—that America should take Paper as free as they take Rags. But, after all, the principle of keeping Rags and Paper united as one article of trade, just as Wheat and Flour are so united, would, if adopted, enable our Government to adopt differing arrangements with the various Governments of the world, according as they themselves dealt with Rags and Paper, and in the end would work out this result of entire Free-Trade. It is, I am confident, impossible to extricate our Trade from its difficulties by the aid of new Fibres; for new Fibres mean inferior Paper—worse Paper than our Continental rivals send to our market. Nor can we economise more in wages or working expenses. We work at a loss, is our answer to all such suggestions; and, as we have tried the experiment for two and a half years, and failed to meet the difficulties into which the Legislature has brought us, we ask with confidence the remedy Mr. Clericus has kindly pointed out.

Mr. SQUIRE.—Well, Mr. Senator, I for one think Mr. Papyrus has made out his case, and has shewn that the Legislature has done wrong in dealing with Rags and Paper, as two separate and distinct articles. The practical working is clearly ruinous to the Paper-Trade, and we ought to compel the Government to retrace its steps, and so legislate as to secure

that Rags and Paper are imported on equal terms, and that they are exported on equal terms.

MR. SENATOR.—It seems to me, that if the American War were to end, and General Butler's proposal of a 10 per cent. Export tax on raw Cotton were adopted, our English Spinners would be brought into the exact position the Paper-Makers now occupy. They would then certainly lose the markets in India, China, and elsewhere; because the American Spinnner, exempt from the tax, would undersell them. Nay, they could not hold the Home market against a tax no heavier on Cotton than the present Continental tax upon Rags. Why, then, should Mr. Gladstone be allowed to do for the Paper-Trade, what General Butler has only proposed to do, with our Cotton trade. Just as we should take steps to baffle General Butler, in his kind wish to pay for the expensive amusement of fighting, which the Americans are now indulging with English cash, so, I think, we ought to interfere and rescue the Paper-Trade from ruin by the pedantic adherence to nominal Free-Trade principles which Mr. Gladstone affects. Treat Rags and Paper alike, whether entering the Country, or whether leaving the Country, and we get a sound principle of action, fair to the Producer and just to the Consumer. If not, the Paper-Trade will perish; and should have as its epitaph, "Done to death by one of Mr. Gladstone's crotchets."

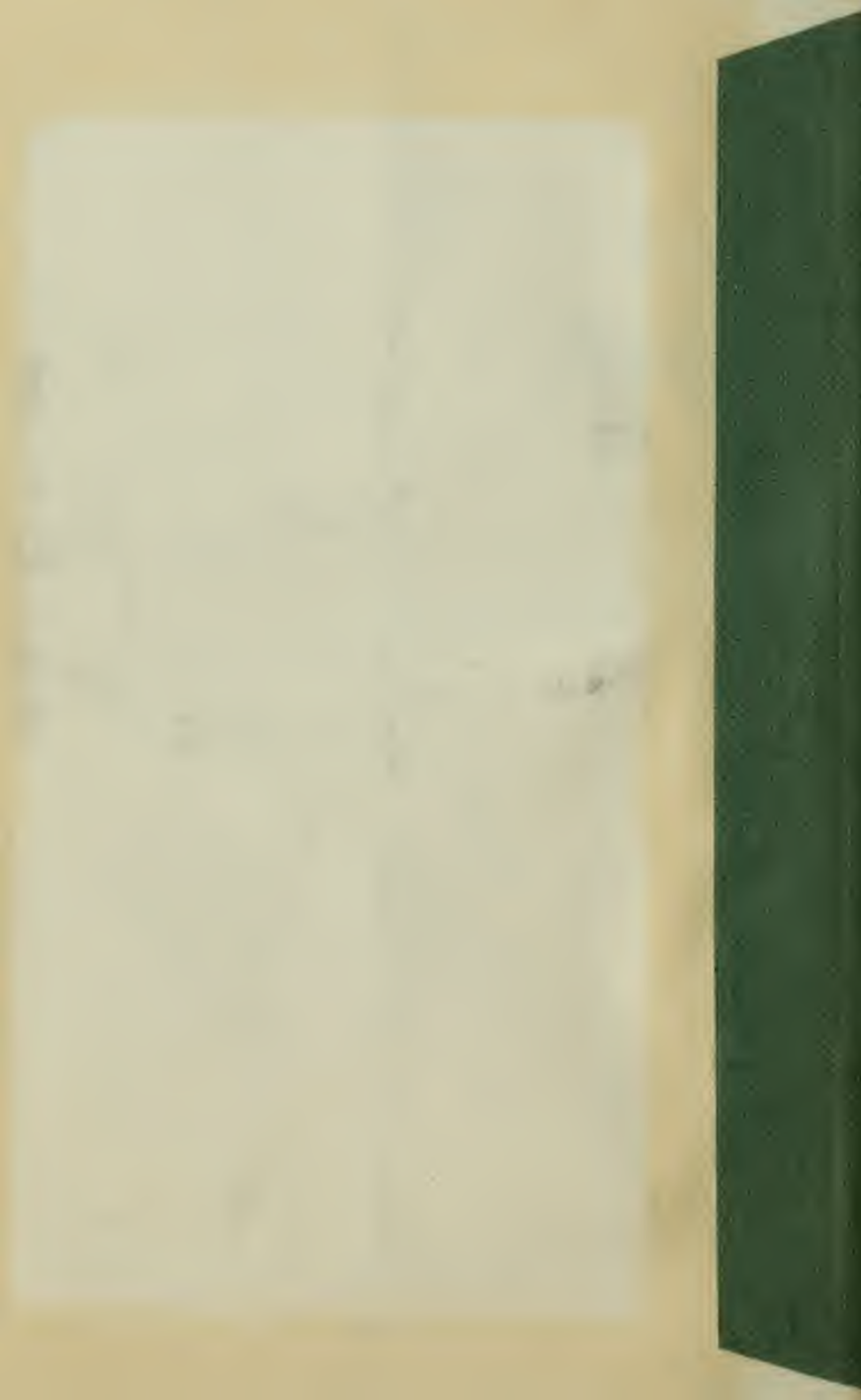
MR. PAPHYRUS.—As matters now stand, we cannot make any Paper without virtually paying a Rag-Tax, for the price of Rags is actually advanced in our market equivalent to the tax imposed by Foreign Governments on Rag Exports from their several Kingdoms. It does work, it is not a nominal Tax. A portion of the Trade do receive and consume Rags that have actually paid the Duty. But the Consumer receives large supplies of Paper from our foreign competitors who pay no Rag-Tax; and we cannot hold our ground. The Americans on the one hand strip our market and drive us to the Continent for Rags, so that Rags are *artificially* raised against us by two forces—the buying force of America, and the taxing force of foreign

tariffs—meanwhile Paper is at the *natural* level which is simply the lowest price to which Free-Trade with all the World can depress it. Deliver us from the Rag-Tax and we are at once Free-Traders to the backbone, and can hold our ground successfully, but under the present system we cannot exist. It is only a question of time how long our capital will hold out.

Mr. SENATOR.—Well, I think when Parliament left it to Diplomacy to get the Rag-Tariff altered it virtually pledged itself, on the failure of Diplomacy, to reconsider the matter, and adopt other measures for righting the Paper-Makers. Diplomacy has utterly failed and it reverts once more to the hands of Mr. GLADSTONE to provide such temporary measures as may constrain Foreign Governments to do what persuasion has failed to obtain, namely, to repeal their export Rag Duty. The Foreign Paper Makers, who have tasted the sweets of English Trade, will not readily forego the market, but if they must choose will, I think, prefer Free-Trade in Rags, and the continuance of English Trade in Paper, to the cessation of English Trade, and the retention of their protecting Rag-Tax. For one I shall support the plan of Mr. Clericus for considering Rags and Paper as one article, and for adjusting our measures in accordance with this simple principle.

Mr. SQUIRE.—I see no difficulty in the way of carrying out such a proposal, and I sincerely hope it may be found effective to restore prosperity to the depressed Paper-Makers.





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The rag question

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